

Message Text

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ACTION L-03

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C O N F I D E N T I A L PRAGUE 1555

E.O. 11652: GDS

TAGS: PFOR, EFIN, L/C, CZ, US

SUBJECT: CLAIMS NEGOTIATIONS -- AGREED ARTICLES

1. AGREES TEXT OF ARTICLE 9, WHICH APPEARS BELOW, HAS BEEN SUBSTANTIALLY REVISED FROM US DRAFT TO DEAL WITH CZECHS' TRANSLATION PROBLEMS. ONLY SUBSTANTIVE CHANGE IN REVISED ARTICLE IS CZECH AGREEMENT TO ALLOW US TO USE ENTIRE \$4.8 MILLION REPAYMENT OF PRINCIPAL FOR PURCHASE OF REAL ESTATE. IN SENTENCES DEALING WITH REVERSION OF DOLLARS IN PARAGRAPH2, SPECIFIC TERMS "IN DOLLARS" AND "IN UNITED STATES CURRENCY" DELETED AT REQUEST OF CZECHS TO AVOID EXPLICIT REFERENCE TO DOLLAR REVERSION. CZECHS FULLY UNDERSTAND, HOWEVER, THAT DELETIONS DO NOT AFFECT ACTUAL TRANSFER OF BALANCES ACCOUNTS WHICH ARE DENOMINATED IN DOLLARS TO US. DATES FOR PAYMENTS EXPRESSED IN MORE GENERAL TERMS AS IN ARTICLE 3 TO DEAL WITH POSSIBILITY THAT AGREEMENT MIGHT NOT BE SIGNED IN 1974.

2. ARTICLE 9

THE CZECHOSLOVAK GOVERNMENT SHALL PAY TO THE GOVERNMENT OF THE UNITED STATES IN FULL SETTLEMENT OF ITS OBLIGATIONS RESULTING FROM THE CREDIT AGREEMENT ON THE PURCHASE OF SURPLUS PROPERTY OF THE UNITED STATES ARMY, DATED MAY 28, 1946, WITH RESPECT TO BOTH THE PRINCIPAL AND THE INTEREST THE FOLLOWING SUMS:

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(1) ON THE DATE OF ENTRY INTO FORCE OF THIS AGREEMENT

\$2,869,868.10 AND THE REMAINING \$2 MILLION IN TWO EQUAL INSTALLMENTS ON JULY 1 OF EACH FOLLOWING YEAR. IT SHALL BE UNDERSTOOD THAT THE GOVERNMENT OF THE UNITED STATES CAN UTILIZE THESE SUMS, DURING A THREE-YEAR PERIOD FROM THE DATE OF ENTRY INTO FORCE OF THIS AGREEMENT, FOR THE PURCHASE OF REAL PROPERTY IN THE CZECHOSLOVAK SOCIALIST REPUBLIC FOR THE USE OF ITS DIPLOMATIC OR CONSULAR MISSION IN ACCORDANCE WITH CZECHOSLOVAK LEGISLATION:

(2) ON THE DATE OF ENTRY INTO FORCE OF THIS AGREEMENT THE SUM OF \$750,000. ON JULY 1 OF THE YEAR FOLLOWING THE YEAR THIS AGREEMENT ENTERS INTO FORCE THE SUM OF \$750,000, AND ON JULY 1 OF THE SECOND YEAR FOLLOWING THE YEAR THIS AGREEMENT ENTERS INTO FORCE THE BALANCE OF INTEREST DUE ON SUCH DATE. SUCH SUMS SHALL BE DEPOSITED INTO AN ACCOUNT OF THE GOVERNMENT OF THE UNITED STATES IN A BANK IN CZECHOSLOVAKIA. THE EMBASSY OF THE UNITED STATES WILL BE PERMITTED TO DRAW FROM THIS ACCOUNT CROWNS AT THE RATE CURRENT AT THE TIME OF WITHDRAWAL OR UPON THE ENTRY INTO FORCE OF THIS AGREEMENT, WHICHEVER IS MORE FAVORABLE TO THE GOVERNMENT OF THE UNITED STATES. THE BALANCE IN THIS ACCOUNT ON JUNE 30 OF THE SECOND YEAR FOLLOWING THE YEAR THIS AGREEMENT ENTERS INTO FORCE WILL BE TRANSFERRED TO THE GOVERNMENT OF THE UNITED STATES ON THAT DATE. THE BALANCE FROM THE FINAL INTEREST PAYMENT WILL BE TRANSFERRED TO THE GOVERNMENT OF THE UNITED STATES ON JUNE 30 OF THE FOURTH YEAR FOLLOWING THE YEAR THIS AGREEMENT ENTERS INTO FORCE. SHERER

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